

Message Text

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C O N F I D E N T I A L PANAMA 2087

E.O. 11652: GDS
TAGS: BENC, PN
SUBJECT: MAJOD
JECT: LA FORTUNA HYDROELECTRIC: TURBINE
GENERATOR TENDER

REF: SATE 068578

SUMMARY: ON FEBRUARY 10, THE GOP PROVISIONALLY DESIGNATED
LOWEST BIDDER MITSUBISHI-VOEST FOR THREE HYDRAULIC TURBINES AND
GENERATORS FOR SUBJECT MAJOR PROJECT. GOP ALSO IN PROCESS

EVALUATING SEVERAL OTHER BIDDERS, INCLDING WESTINGHOUSE-VOEST.
IN RESPONSE TO DEPARTMENT'S UUERY WHAT TYPE OF EMBASSY ASSIST-
ANCE POSSIBLE FOR WESTINGHOUSE, EMBASSY REFERRED TO ITS LIMITED
ROLE IN INTERNATIONAL BIDS AND SURGESED THAT WESTINGHOUSE
CONCENTRATE IN INCEASING ITS COMPETITIVENESS IN TURBINE

EFFICIENCY. EMBASSY ALSO ALERTED WESTINGHOUSE OF SWEDISH ASEAN'S

REPORTED COMPETITIVENESS IN THIS FIELD AND PROMISED WESTINGHOUSE
TO REPORT PROMPTLY OF ANY SIGNIFICANT DEVELOPMENTS. END SUMMARY.

1. BEGIN UNCLASSIFIED: DIDS FOR SUBJECT TENDER WERE OPENED
FEBRUARY 10 AND MITSUBISHI-VOES (REFTEL) WAS PROVISIONALLY
THE LOWEST BIDDER FOR THE SUPPLY, INSTALLATION AND
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FINANCING OF THREE HYDRAULIC TURBINES AND GENERALERS

FOR \$12.02 MILLION. OTHERS WERE: GEE-NEYR (GENERAL
ELECTRIC-SPAIN): \$13.09; WESTINGHOUSE-VOEST (REFTEL):
\$13.21; GIE (ITALIAN): \$13.74; ELIN-VOEST (BOTH
AUSTRIAN): \$13.81; ASEA: (SWEDISH) \$14.15; FUJI-TOSH:
\$14.88; AND HITACHI-ESH (LATTER SWISS): \$15.72.

2. GOP EVALUATION COMMITTEE, HEADED BY VICE PRESIDENT GERARDO GONZALEZ V., IN PROCESS OF EXAMINING TECHNICAL, PRICE AND FINANCIAL ASPECTS OF EACH BID, AND FINAL AWARD EXPECTED BY LATTER APRIL. COMMITTEE MEMBERS COMPOSED OF MINISTERS OF PRESIDENCY, TREASURY, COMMERCE & INDUSTRY, ECONOMIC PLANNING AND REPS COMPTROLLERS OFFICE AND IRHE. PARTICIPANTS ALSO REPS PANAMANIAN ASSOCIATION OF ENGINEERS AND ARCHITECTS AND CHAMBER FOR CONSTRUCTION. ON MARCH 22, ARCHITECT EDWIN E. FABREGA, IRHE'S GENERAL DIRECTOR AND HIS STAFF EXPLAINED RESIDENT REIS PARTICIPANTS SUBJECT TENDER THE COMPLEXITY OF THE EVALUATION COMMITTEE'S UNDERTAKING. FABREGA TOLD THEM--IN EFFORT TO AVOID UNNECESSARY DELAYS--COMMITTEE WILL RECEIVE ONLY THOSE REPS FROM WHOM ADDITIONAL DATA IS REQUIRED.

3. EMBASSY HAS REGULAR WORKING RELATIONSHIP WITH GOP AGENCIES, INCLUDING IRHE. IN SUCH IMPORTANT INTERNATIONAL BIDS AS SUBJECT, GOP AGENCIES NORMALLY DELIVER COPIES OF NOTIFICATION TO ALL HEADS OF FOREIGN DIPLOMATIC MISSIONS. THE COM COUNSELOR KEEP THE AMBASSADOR ABREAST OF ANY IMPORTANT DEVELOPMENT AFFECTING AMERICAN BUSINESS INTERESTS. END UNCLASSIFIED.

4. AS DEPARTMENT FULLY AWARE, EMB OFFS--IN THEIR
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CONTACTS WITH ROP AUTHORITIES CONCERNED --CAN DO LITTLE MORE THAN EXPRESS INTEREST IN AMERICAN PARTICIPATION IN INTERNATIONAL BIDS OF THIS SORT. ANY EMBASSY ATTEMPT TO EXERCISE THE SLIGHTEST PRESSURE DURING DELICATE SAGE OF GOP BID EVALUATION COULD RUN COUNTER TO AMERICAN BUSINESS INTERESTS, GIVEN ESPECIALLY THE PRESENT TREND OF U.S.-PANAMA RELATIONSHIP.

5. IN MEETING WITH COM COUNSELOR LAST WEEK, WESTINGHOUSE'S TOM CELUCCI PRAISED IRHE'S INTEGRITY IN PROCESSING INTERNATIONAL BIDS AND APPRECIATED EMBASSY'S LIMITED ROLE AS DESCRIBED IN PARA FOUR. BUT WESTINGHOUSE, ACCORDING TO CELUCCI, WAS DETERMINED TO WIN SUBJECT SIZEABLE TENDER AT ALL COSTS AND HE WAS BANKING HEAVILY ON HIS EXCELLENT RAPPORT WITH IRHE ENGINEERS FOR THE PAST SIX YEARS AND WESTINGHOUSE'S COMPETITIVENESS IN TURBINE EFFICIENCY. CELUCCI CONCERNED, HOWEVER, OVER IRHE'S COST CONSCIOUSNESS. PURCHASING DEPARTMENT AND EVALUATION COMMITTEE'S IMPOSED COMMUNICATION BLACKOUT WHICH HE BELIEVED COULD WORK AGAINST WESTINGHOUSE'S INTERESTS. CELUCCI THOUGHT "NOW THAT U.S. WAS HANDING THE CANAL
VER O PANAMA,"

PERHAPS THE AMBASSADOR AND DCM WOULD BE RECEPTIVE O
INFLUENCING HIGHEST LEVEL GOP OFFICIALS IN FAVOR OF
WESTINGHOUSE. CELUCCI JUST COULD NOT BEAR FACT THAT
HIS COMPANY SHOULD LOSE TO MITSUBISHI-VOEST FOR A
MERE "MILLION-DOLLAR DIFFERENCE".

6. COM COUNSELOR TOOK OPPORTUNITY TO ALERT CELUCCI
OF ASEA'S CLAIM TO HAVE AN EDGE ON TURBINE EFFICIENCY
AS WELL AND PROVIDED HIM WITH SOME RELATED DATA RECENTLY
OBTAINED FROM A RELIABLE TRADE SOURCE. CELUCCI APPEARED
HIGHLY APPRECIATIVE FOR THIS TYPE OF INFORMATION.
CELUCCI SHOWED NO RPT NO CONCERN FOR COMPETITIVENESS
OTHR PARTICIPANTS, ESPECIALLY SPANISH, GEE-NEYR.

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7. COM COUSELOR SUGGESTED THAT WESTINGHOUSE EXERCISE
EVERY EFFORT IN INCREASING ITS COMPETITIVENESS IN
TURBINE EFFICIENCY. HE POINTED OUT EMBASSY
FULLY AWARE OF WESTINGHOUSE'S
CONCERN AND PROMISED TO KEEP CELUCCI ABREAST OF ANY SIGNI-
FICANT DEVELOPMENTS.

8. FYI: WESTINGHOUSE HAS PRELIMINARY EXIMBANK FINANCING
COMMITMENT FOR \$9.45 MILLION UNTIL MAY 31, 1978.
JORDEN

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